

consumer news

UNITED STATES OFFICE OF CONSUMER AFFAIRS
Esther Peterson, Director



Consumer benefit seen in reform of trucking industry

In remarks prepared for a conference sponsored by the Transportation Consumer Action Project (TCAP) (described in CONSUMER NEWS: April 15), the President's consumer advisor Esther Peterson called for greater consumer involvement in the current debate over competitive reform of the trucking industry. Peterson asked, "If truckers can bar new competition, what assurances do consumers have that the best service is being provided for the lowest price?"

Addressing the inefficient and anticompetitive restrictions on motor carrier operations, the Carter Administration has circulated a proposal which would reduce the ability of the truckers to collectively set rates and eliminate their immunity from antitrust laws. The ability of existing carriers to limit new competition by protesting applications before the Interstate Commerce Commission (ICC) would also be restricted. Limits on the commodities truckers may haul, the routes they may travel, and other restrictions would be phased out.

For household goods movers, the Administration's proposal would continue existing consumer protection regulations on estimates, consumer information, pick-up and delivery, and weighing of shipments. But it would reduce the ability of movers to collectively set prices and to oppose the entry of new movers into the industry.

Speaking at the TCAP conference, Shelby Southard of the Co-operative League of the USA and Consumer Federation of America's transportation chairman, said, "If the trucking industry has an Achilles heel, it is the household goods moving industry."

Administration officials are working with members of Congress to develop a joint trucking deregulation proposal. Sen. Howard Cannon of Nevada has scheduled public hearings in Washington, DC on the special problems of household goods shippers on June 19 and on overall trucking regulatory reform on June 26-27.

Consumers wishing to participate (or submit comments) in the June hearings may contact Mimi Cutler of TCAP, 1346 Connecticut Ave., NW, Washington, DC 20036, or Will Ris, Senate Commerce Committee, Washington, DC 20510.

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Help for small savers

President Carter has announced that he will ask Congress to enact comprehensive financial reform legislation that would, among other things, "permit an orderly transition to a system where the average depositor can receive market-level interest rates on savings."

Highlights of the President's proposal include:

- Permitting all deposit interest rates to rise to market-rate levels. The President says existing limitations on interest rates discriminate against the small saver without maintaining deposit flows to thrift institutions.
- Allowing all Federally-chartered savings and loan (S&L) institutions to offer variable rate mortgages (VRMs), subject to appropriate consumer safeguards. VRMs are mortgages with interest rates that rise or fall over the life of the loan, depending on market conditions. Current regulations limit the rise to two and one-half percent over the life of the loan where the state institutions offer VRMs and where the **Federal Home Loan Bank Board** decided that the competitive situation warranted VRM authorization. At the present time this applies only to California.
- Permitting all Federally-chartered S&Ls to invest up to 10 percent of their assets in consumer loans.
- Permitting all Federally-insured institutions to pay interest on checking type accounts. This would legalize the Federal financial regulators' recent actions which authorized automatic transfers from depositors' savings accounts, effectively paying interest on checking accounts—a practice that the **US Court of Appeals for the District of Columbia** said was illegal. (See CONSUMER NEWS: May 15.)

The President says his proposals will reform a system which has become increasingly unfair to small savers such as senior citizens and others who are prohibited from receiving the return on their deposits that is available to "large and sophisticated investors." In addition, the granting of new investment powers will enable financial institutions to pay higher interest rates and maintain the flow of credit.

In the meantime, the President endorses the joint proposals of the Federal financial regulators to give the small savers a higher rate of interest on their savings to create new deposit categories. (See CONSUMER NEWS: May 1.)

NOTE: At CONSUMER NEWS' presstime, the Federal financial regulators raised the ceiling on savings accounts one-fourth of one percent and authorized banks and savings and loan institutions (S&Ls) to issue four-year certificates with no minimum that will pay a higher interest rate based on but lower than that which is paid for Treasury securities. Finally, the regulators gave banks and S&Ls permission to issue VRMs everywhere, not just in California, as pointed out above. The effective date for all of these actions is July 1.

Dispute Resolution Act—an update

The "Dispute Resolution Act" (S. 423) passed the Senate on April 5. It is designed to aid citizens in the resolution of minor disputes through a grant program to states or other eligible parties to establish or maintain informal dispute settlement mechanisms. Under the Act, the Justice Dept. would create a Dispute Resolution Resource Center to serve as a national clearinghouse on information relating to dispute resolution.

This was the third time the measure had been approved by the Senate.

The House of Representatives is considering two bills, H.R. 2863 and H.R. 3719, which are generally identical in purpose.

Joint hearings on the three bills, S. 423, H.R. 2863 and H.R. 3719, are scheduled for June 6, 7, 14 and 18 at the Rayburn House Office Building in Washington, DC.

The principal differences between the measures relate to the creation of a Dispute Resolution Advisory Board (only in the House versions), the consultant-advisory role of the Federal Trade Commission (in S.423 and H.R. 3719), and the level and duration of funding for a Dispute Resolution Resource Center and the grant program.

Hair dryers

Ever since Consumer Product Safety Commission (CPSC) released the names of hair dryers that may contain cancer-causing asbestos (*CONSUMER NEWS*: April 15), its hotline has been swamped with calls. In fact, telephone company sources report that as many as 6,000 callers every hour are unable to get through overloaded lines.

To reduce the number of hotline calls, CPSC has prepared an updated list of hair dryers with information supplied by hair dryer manufacturers or retailers. CPSC stresses that this is only a partial list of dryers believed to either contain or not contain asbestos. In addition, the Commission points out that inclusion of a hair dryer model on the list does not mean CPSC has decided it presents a health hazard. A list will be released later containing final industry model number information on all asbestos-insulated hair dryers. To get your copy, write to Hair Dryers, Consumer Product Safety Commission, Washington, DC 20207.

The toll-free CPSC hotline number for continental US is 800-638-8326. For Maryland residents the number is 800-492-8363. And for residents of Alaska, Hawaii, Puerto Rico and the Virgin Islands, the number is 800-638-8333.

Page 2

State consumer utility advocates organize

State utility consumer advocates met in Columbus, OH on May 9 and 10 and established a National Association of State Utility Consumer Advocates (NASUCA).

Assisted by the US Office of Consumer Affairs (OCA), the professional advocates formed the association for the purposes of "improving communication among their members, enhancing their impact on public policy at the state and Federal levels, and assisting in their representation of utility consumers' interests."

To achieve the constitutionally stated purposes, the advocates plan to:

- Provide services to their members to further universal access to utility services at the lowest practical cost.
- Set up a clearinghouse for the collection, evaluation, and dissemination of information.
- Promote understanding of utility issues through dissemination of information to the public.
- Conduct educational seminars for members on technical utility issues.
- Provide state and Federal policymakers with accurate information on the consumer's perspective.

During the meeting, the following temporary officers were elected: President, Bill Spratley, Consumers Counsel of Ohio; Vice-President, Bill Barwick, Public Counsel, Missouri; Secretary, Hal Abramson, Director, New York Utility Intervention Office; and Treasurer, Jack Shrev, Public Counsel, Florida.

In a message congratulating the state consumer utility advocates for setting up their own national association, Special Assistant to the President for Consumer Affairs Esther Peterson noted that the individual state advocate offices have been extremely effective in representing utility consumers' interests in regulatory proceedings. But now, she noted, "In association you can play an even more significant role in implementing national energy policy and assisting in President Carter's anti-inflation efforts."

Peterson was optimistic about the many good things that would happen through the efforts of NASUCA. For example, she expressed high hopes that the new organization would:

- Be active in supporting the three goals set forth in the Public Utility Regulatory Policies Act (part of the National Energy Act): equity, efficiency and conservation.
- Help develop and implement workable Federal regulations for the Residential Conservation Service.
- Help the Council on Wage and Price Stability and state commissions in enforcing compliance with the public utility price guidelines.
- Assist in initiating and implementing Federal programs. Peterson stressed that the Administration needs "to know what the elements would be of an effective and feasible energy assistance program for low-income consumers."
- Consider OCA as one means of "conveying the utility consumers' perspective to Federal policymakers."

To find out more about this national organization and who your state representative is, write or call Carolyn Wendel Smith, US Office of Consumer Affairs, 621 Reporters Bldg., Washington, DC 20201; telephone 202-755-8880.

CONSUMER NEWS

Metrication . . . OCA testifies

At the US Metric Board's (USMB) recent public hearing on the feasibility of converting gas pumps from registering gallons to liters (CONSUMER NEWS: April 15), US Office of Consumer Affairs (OCA) Deputy Director Rodney Leonard emphasized four points:

... if the USMB, as a result of these hearings, does recommend metric conversion of gasoline pumps, we would suggest some minimum consumer safeguards:

1. Requirements that gas be priced and sold by even liter.
2. "Unit pricing" of gasoline by the gallon, well displayed and well policed, as well as prominent disclosure of price per liter (a) as a check on prices and potential pricing abuses; (b) to ease the transition until we have consistent nationwide conversion; (c) to allow the price signals to work more easily; and (d) as an educational mechanism.

3. Attention be paid to the "third window" of the price, the tenths-of-a-cent increments that could mask as much as two to four percent price increases. To round up to nine-tenths of a cent on one liter could be the equivalent of almost four cents on a gallon. If there are barriers to not using 0.9 in either Government action or industry practice, those barriers must be removed before conversion is undertaken.

4. Information and education for consumers. The USMB is mandated to provide public education regarding the metric system, and the oil industry should provide as much disclosure as possible to consumers if such a massive change in the sale of such a necessary and all-pervasive product is contemplated.

Leonard also congratulated the USMB on its efforts to obtain consumer representation at the gas pump conversion hearings.

SPECIAL NOTES:

- In April, USMB adopted a Consumer Participation Policy, noting that "Protection of consumers' rights and interests will be a critical role performed by USMB as it coordinates the voluntary metric conversion process."

Applauding the Board's consumer participation policy, OCA Director Esther Peterson pledged OCA's support to "achieve conversion on the least disruptive and least costly basis, assuring the consumers' right to be heard and be informed."

- Recognizing the timeliness of the gas pump issue, the National Association of Consumer Agency Administrators had a special discussion of metrication at its annual conference on May 14-15.

Guide—public interest periodicals

The Commission for the Advancement of Public Interest Organizations, a nonprofit group established to investigate ways to expand the public interest movement, has published *Periodicals of Public Interest Organizations—A Citizen's Guide*, a collection of periodicals covering such issues as energy, environment, health, agriculture, food, consumer affairs, taxes, appropriate technology, and education.

The Guide costs \$4 for public interest/citizen groups; \$5 for individuals, government, schools, public libraries; and \$15 for all others.

Checks should be made out to the Commission and mailed to 1875 Connecticut Ave., NW, Suite 1013, Washington, DC 20009; telephone 202-462-0505.

S-p-r-e-a-d-i-n-g the word

Cosponsored by the Commerce Dept. and the Chamber of Commerce of the USA, a conference on Consumer Dispute Resolution will be held June 20 at the Marriott Stamford Hotel in Stamford, CT. Speakers representing business, government and third-party redress programs will highlight their experiences in dispute resolution and exchange views with conference attendees on developing effective complaint handling policies and mechanisms.

Registration fee is \$35. For registration or other information call Jeff Perlman at the Chamber; telephone 202-659-6125.

Pro-consumer antitrust legislation clears hurdle

The "Antitrust Enforcement Act of 1979" (S.300), has been passed by a vote of the full Senate Committee on the Judiciary by a close 9-8 tally on May 8. This legislation is designed to overturn the Supreme Court's 1977 decision in the *Illinois Brick* case. In that case, the Court ruled that only direct purchasers from antitrust violators (price-fixers) may recover damages in legal actions. This decision prevents consumers from recovering damages although they have had added costs passed on to them by direct purchasers.

The 1977 Court decision has been viewed as undercutting state and private enforcement of antitrust laws, thus reducing their deterrent effect. By limiting the antitrust standing of consumers, the Court decision may contribute to higher prices, and it may also allow violators to retain unjustifiable profits at consumers' expense.

No further action on S.300 by the full Senate is expected until this summer.

In the House of Representatives, two bills (H.R. 2060 and H.R. 2204) are similar to the Senate proposal. Both are pending until further study by the Antitrust, Monopoly and Business Rights Subcommittee. The subcommittee has received much mail from business groups but little from consumers.

The *Illinois Brick* legislation has been endorsed by the Administration's inflation fighter Alfred Kahn, Ralph Nader's Congress Watch, the Consumer Federation of America, President Carter in his State of the Union Message, and antitrust enforcers.

Resource center for consumer educators

The Consumer Education Resource Network (CERN) has recently been established by InterAmerica Research Associates, Inc., of Rosslyn, VA, to give consumer educators a national computerized resource center, a focal point for communication, and training and technical assistance in program development.

Funded by a three-year contract from the Health, Education and Welfare Dept.'s Office of Consumers' Education, CERN is designed to assist all groups concerned with educating consumers—educational institutions, consumer and community groups, and government agencies.

CERN operates a reference library of consumer education books, pamphlets, audio-visual materials, curricula, and project reports. These materials will be included in the computerized data base which CERN is developing—the first for consumer education.

To assure the materials collection is comprehensive and current, CERN is urging consumer educators throughout the country to send in information on notable consumer education programs and copies of consumer education materials.

For specific information requests, CERN will search its collection, and a free bibliographic listing will be sent within 10 working days.

For more information, write or call CERN, 1500 Wilson Boulevard, Suite 800, Rosslyn, VA 22209; telephone (toll-free) 800-336-0223. Virginia residents only should call 703-522-4616 (not toll-free).

Federal offices acting on TARP study

When a Federal office spends taxpayers' money to survey consumer complaint offices, are the results tossed away or are the recommendations studied, considered and acted on?

Five years ago, the US Office of Consumer Affairs (OCA) contracted with Technical Assistance Research Programs, Inc., (TARP) to survey the consumer complaint handling systems of selected Federal, state and local government offices; private and voluntary organizations; and industry. (See CONSUMER NEWS: Dec. 1, 1978.)

The results of the study of Federal offices, completed and released late last year, included recommendations for Federal offices and for OCA. In response to TARP, many Federal agencies have made substantial improvements in their internal operations, and OCA is acting on many of TARP's suggestions.

Specifically, TARP recommended that OCA coordinate Federal consumer complaint offices—to make sure that consumer complaints are answered in a timely, efficient and helpful manner and that the expressed concerns of consumers are considered in an agency's decision-making process.

As part of its coordinating effort, OCA is holding quarterly meetings with directors of Federal complaint-handling offices to exchange successful techniques and procedures and to discuss common problems, needs and concerns. Workshops have been set up to explore in detail specific issues identified at quarterly meetings. Topics have included:

- Defining government-wide complaint handling standards.
- Developing a uniform complaint classification system. (OCA will collect each agency's complaint statistics and compile them into one report. This report will be reviewed by Esther Peterson, Special Assistant to the President for Consumer Affairs and Director of OCA, and presented to White House staff for use in policy formulation.)
- Training of Congressional staff to improve constituent complaint handling.

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